

**MINUTES  
OF THE SPECIAL MEETING OF THE  
EDINA CITY COUNCIL HELD AT CITY HALL  
ON DECEMBER 1, 2003 AT 5:00 P.M.**

**ROLLCALL** Answering rollcall were Members Housh, Hovland, Kelly, Masica and Mayor Maetzold.

**TRUTH IN TAXATION PUBLIC HEARING HELD FOR PROPOSED 2004 CITY BUDGET** Pursuant to published notice given, the Edina City Council conducted a public hearing on the proposed property tax increase in the 2004 Budget for the City of Edina, as mandated by Chapter 375, Laws of Minnesota 1993.

Mayor Maetzold stated the purpose of the Truth in Taxation hearing would focus on the proposed 2004 City of Edina Budget. The budget review relates to the monies' source and how they are expended on the various functions and services of the City. Residents with questions relating to the valuation placed on their homes should plan to appear at the Board of Review in April of 2004.

Manager Hughes noted this was the second step in the budget adoption process. The Council in September adopted a maximum levy and later in December will adopt the actual budget and levy. Mr. Hughes reviewed the 2004 proposed expenditures of \$24,242,267. He explained this would be an increase of \$3,684,548 or approximately 1.61%. Tax revenues must increase \$337,766 or 1.90% from 2003 to support the proposed expenditures. It was noted that the City of Edina receives 22% of the property tax bill, with 31% going to local schools, 39% going to Hennepin County and 8% to other taxing entities.

Mr. Hughes noted that the major reasons a homeowner might see an increase in their taxes include spending/levy decisions made by the city, county and school districts; and "non-spending" factors that adjust the tax burden shared by different types of properties. He elaborated stating the City's tax levy increased by 4.67% (including debt service levy), the County's levy increased by 2.12% and the Edina School District levy increased by 6.85% (inclusive of the recently passed referenda). The Hopkins School District increased by 5.78% while Richfield School District's levy increased by 13.73%. Mr. Hughes stated that commercial industrial property values were declining or not growing as fast as residential values due to economic conditions. As a result, the property tax burden shifted to residential properties especially homesteads for 2004 taxes.

Member Housh asked if the 1996 Park Bond Levy was included in the 2004 tax levy as stated. Mr. Hughes replied that it was included.

Member Masica asked for a clarification of what portion of Southdale Shopping Center was located within School District 280. Mr. Hughes explained about the upper two thirds of the center was located within School District 280 with the southern one third being located with in School District 273.

Member Masica asked about the median value home being listed at \$283,584 on the informational sheet. She asked if that number included all housing types. Assessor Wilson replied that the median home calculation included all property types. He explained the median value also reflected the limited market value, which would be less than the properties actual market value. Mr. Wilson said the limited or assessor's market value should be 90-95% of the actual market value.

### Public Comment

Bob Krengel, 405 Blake Road, asked what was the balance of the unreserved undesignated fund balance as of 12/31/02. Finance Director Wallin replied the current unreserved, designated balance was \$14,325,000. Mr. Krengel asked what was the reason for the large balance, noting that it was almost equal to an entire year of taxes. Mr. Wallin explained that there was approximately \$122,000 of the 14.3 million designated for parkland dedication and approximately \$4,600,000 was designated for the Edinborough Trust, leaving about \$9,200,000 designated for the General Fund. Mr. Hughes pointed out that the City receives its tax settlements from the County in December and June and the designated balance is what cash flows the City until the June payment. He added that bond raters also look at the amount of a city's fund balance and that factors into bond rating reminding them that Edina had an AAA rating.

**Member Housh made a motion to close the Truth In Taxation Hearing.** Member Kelly seconded the motion.

Ayes: Housh, Hovland, Kelly, Masica, Maetzold

Motion carried.

There being no further business on the Council Agenda, the Mayor adjourned the meeting at 5:30 p.m.

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City Clerk